

Message Text

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44

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 AGR-05 TAR-01 AID-05 CEA-01

CIAE-00 COME-00 EB-07 FRB-03 INR-07 NSAE-00 CIEP-01

SP-02 STR-04 TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 H-02

NSCE-00 PA-01 PRS-01 USIA-06 /066 W

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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC PRIORITY 8663

INFO ALL EC CAPITALS 542

AMCONSUL MUNICH

LIMITED OFFICIAL USE EC BRUSSELS 3295

FOR AGRICULTURE, STR AND TREASURY

E.O. 11652: NA

TAGS: ETRD, EEC, OREP (ROSENTHAL, BENJAMIN)

SUBJECT: EC CHEESE COUNTERVAILING PROBLEM--DISCUSSION WITH CODEL
ROSENTHAL

REF: EC BRUSSELS 3272

1. SUMMARY: EC COMMISSIONERS SOAMES AND LARDINOIS TOLD
CODEL ROSENTHAL THAT USG HANDLING OF THE CHEESE PROBLEM
COULD CAUSE A DETERIORATION IN OVERALL US-EC RELATIONS. THE
CONGRESSMEN GENERALLY EXPRESSED SURPRISE THAT THE ADMIN-
ISTRATION WOULD RISK A "TRADE WAR" OVER THIS ISSUE. REP.
FINDLEY, SENIOR REPUBLICAN IN THE GROUP, SENT SEC. BUTZ
A CABLE ENDING, "FROM HERE IT LOOKS LIKE THE DAIRY LOBBY
IS IN CHARGE IN WASHINGTON. PLEASE PUT THE LOBBYISTS IN
THEIR PLACE". HE INTENDS TO RELEASE THE CABLE TO THE
PRESS. END SUMMARY.

2. IN THE COURSE OF MEETINGS ON APRIL 11, BETWEEN
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THE EC COMMISSION AND CODEL ROSENTHAL (OTHER ASPECTS

OF WHICH ARE REPORTED BY SEPTTEL), COMMISSION VICE PRESIDENT SOAMES, AFTER STATING HIS VIEW THAT US-EC RELATIONS WERE NOW ON A BETTER FOOTING THAN THEY HAD BEEN FOR THE LAST TWO YEARS, AND STRESSING THAT THE EC IS VERY INTERESTED IN MANAGING PROBLEMS AND AVOIDING TRADE DISPUTES, WARNED THAT THE USG'S POSITION IN THE CHEESE CASE THREATENED THE IMPROVED ATMOSPHERE. HE SAID HE HAD THE FEELING THERE WAS DRIFT IN WASHINGTON; THAT THE ADMINISTRATION WAS NOT ABLE TO DELIVER THE USG AS A WHOLE IN NEGOTIATIONS OF THIS SORT. IT WAS NOT JUST THAT CONGRESS WAS ASSERTING ITS POSITION. RATHER, THERE WAS AN ABDICATION TO PRIVATE INTEREST GROUPS WHICH, EXERTING PRESSURE THROUGH CONGRESS, COULD EVEN FORCE THE ADMINISTRATION TO REVERSE AD REFERENDUM AGREEMENTS. THIS STATE OF AFFAIRS MADE IT MOST DIFFICULT TO NEGOTIATE WITH THE US ADMINISTRATION.

3. LARDINOIS, MORE BRIEFLY, STATED THE SAME VIEW. AFTER NOTING HOW WELL US-EC AGRICULTURAL TRADE HAD BEEN RUNNING, HE COMPLAINED OF THE UNRELIABILITY OF THE US BOTH AS A SUPPLIER AND AS A MARKET FOR EC EXPORTS. HE WARNED THAT ACTIONS TO RESTRICT EC EXPORTS OF CHEESE (AND HAM) WERE NOT IN THE US EXPORT INTEREST. IT WAS NOT POSSIBLE FOR THE US TO EXPECT TO HAVE OPEN ACCESS FOR ITS EXPORTS AND TO RESTRICT AGRICULTURAL IMPORTS. LARDINOIS SAID HE HAD MADE GREAT EFFORTS TO COOPERATE WITH THE US. HE STILL ADMIRER SEC. BUTZ. BUT HE WAS BEGINNING TO WONDER WHETHER HIS EFFORTS WERE PAYING OFF.

4. RESPONDING, REP. RYAN AND OTHERS AGREED THAT THERE WERE DIFFERENCES BETWEEN THE ADMINISTRATION AND THE DEMOCRATIC-CONTROLLED CONGRESS. BUT CONGRESS, THEY WERE SURE, DID NOT WANT A "TRADE WAR" OVER A RELATIVELY MINOR ISSUE. REP. RYAN, GIBBONS, STEPHENS AND OTHER SUGGESTED THAT EC OFFICIALS ALERT THEM TO THESE PROBLEMS SO AS TO AVOID SUCH MISUNDERSTANDINGS. REP. FINDLEY, FITHIAN AND GUDE, ANSWERING LARDINOIS, SAID US FARMERS FAVORED FREE TRADE AND RELIED HEAVILY LIMITED OFFICIAL USE

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ON EC PURCHASES. FITHIAN EXPLAINED, HOWEVER, THAT WHILE FARMERS IN HIS STATE (INDIANA) BELIEVED IN FOREIGN TRADE, CERTAIN FARM INTERESTS HAD PROBLEMS, E.G. WITH LOW PRICES. AND SAID HE HOPED THE COMMUNITY WOULD RECOGNIZE THIS.

5. ON THE MORNING OF APRIL 12 REP. FINDLEY SENT A PERSONAL TELEGRAM TO SECRETARY BUTZ VIA COM-

MERCIAL CHANNELS. WE UNDERSTAND THAT
REP. FINDLEY IS RELEASING THE TEXT TO THE PRESS.
IN IT HE SAYS THAT THE "US DAIRY LOBBY IS THREATENING
OUR TRADE RELATIONS WITH THE EUROPEAN COMMUNITY WITH
ITS EXCESSIVE PRESSURE TO HALT CERTAIN CHEESE IM-
PROTS... THESE DAIRY LOBBY TACTICS HAVE THE SAME SOUR
SMELL IN BRUSSELS AS ON CAPITOL HILL IN WASHINGTON
THE DEMAND OF THE... LOBBY IS OUTRAGEOUS AND EN-
DANGERS OUR MARKETS AND GOOD RELATIONS IN EUROPE.
FROM HERE IT LOOKS LIKE THE DAIRY LOBBY IS IN CHARGE
IN WASHINGTON. PLEASE PUT THE LOBBYISTS IN THEIR
PLACE".
GREENWALD

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